

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 /102 W

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P R 140013Z JAN 75

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC PRIORITY 4817

INFO USDOC WASHDC

AMCONSUL BRISBANE BY POUCH

AMCONSUL PERTH BY POUCH

AMCONSUL MELBOURNE

AMCONSUL SYDNEY

AMEMBASSY WELLINGTON

USMISSION OECD PARIS

USMISSION GENEVA

AMEMBASSY TOKYO

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E.O. 11652: NA

TAGS: ETRD, AS

SUBJ: GOA TARIFF QUOTAS

REF: A. STATE 1803 (NOTAL)

B. STATE 173043 (NOTAL)

C. CANBERRA 8017

1. SUMMARY: AMBASSADOR AND E/C OFFICERS SEPARATELY
HAVE RAISED SUBSTANCE REF (A) WITH DFA AND DOT OFFICIALS
RESPECTIVELY. OFFICIALS SHARED USG CONCERN THAT INTER-
NATIONAL MOMENTUM TOWARD FREER TRADE BE MAINTAINED.

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HOWEVER, THEY INSISTED THAT GOA STILL COMMITTED TO MTN AND

THAT RECENT TARIFF QUOTAS ARE LIMITED, TEMPORARY RESPONSES TO HUGE IMPORT SURGES. MOREOVER, IMPORTS STILL ENTERING AUST. MORE FREELY AND AT HIGHER LEVELS THAN EVER AND GOA TAKING OTHER STEPS (ADJUSTMENT ASSISTANCE, LOWERING EXPORT INCENTIVES) TO RESTRUCTURE DOMESTIC INDUSTRY. TARIFF QUOTAS MODERATE BUT DO NOT NEGATE IMPORT PRESSURES FOR RESTRUCTURING. END SUMMARY.

2. AMBASSADOR EXPRESSED SERIOUS U.S. CONCERN OVER RECENT GOA MOVES TO DISCOURAGE IMPORTS IN JANUARY 7 CALL ON DEPARTMENT OF FOREIGN AFFAIRS SECRETARY RENOUF. DRAWING ON REFTEL, AMBASSADOR STRESSED US PRIMARILY CONCERNED ABOUT IMPLICATIONS FOR WORLD TRADING SYSTEM OF NEW TARIFF QUOTAS ON TEXTILES AND OTHER ITEMS. RENOUF, WHO WAS UNAWARE OF JAN. 2 WASHINGTON DISCUSSION BETWEEN DEPUTY ASST. SECRETARY GLITMAN AND AUST. ECON. MINISTER SMITH, INDICATED THAT HE AND PRIME MINISTER WHITLAM FULLY APPRECIATE IMPORTANCE OF MAINTAINING INTERNATIONAL MOMENTUM TOWARD FREER TRADE. HOWEVER, HE PREDICTABLY REFERRED TO GREAT DOMESTIC UNEMPLOYMENT CONTINUES TO RISE. RENOUF ALSO STARTED TO RAISE U.S. DECISION TO REINTRODUCE QUOTAS ON MEAT IMPORTS. BUT AMBASSADOR DEFLECTED HIS COMMENT BY EXPLAINING THAT U.S. ACTION, IN STARK CONTRAST TO EEC AND JAPANESE MOVES, WILL STILL ALLOW 1975 AUST. MEAT EXPORTS TO U.S. TO INCREASE APPRECIABLY OVER 1974 LEVELS.

3. WAITING UNTIL DEPARTMENT OF OVERSEAS TRADE RECEIVED REPORT FROM AUST. EMBASSY ON GLITMAN-SMITH CONVERSATION, EMBASSY ECON/COMM OFFICERS (IN ABSENCE OF COUNSELOR) CALLED JAN. 13 ON BOLDUAN, CRAWFORD AND SPEARS OF DOT TO MAKE PARALLEL APPROACH, EXPLAINING U.S. CONCERN PRIMARILY MULTILATERAL NOT BILATERAL. IN REPLY, AUSTRALIANS SAID THAT:

(A) GOA AGREES WITH "PHILOSOPHY" THAT AS MTN BEGINS NATIONS MUST NOT SLIDE BACKWARD TOWARD RESTRICTIONS ON TRADE. GOA COMMITMENT TO MTN REMAINS UNCHANGED.

(B) GOA ACTIONS TO RESTRAIN TEXTILE AND OTHER IMPORTS TAKEN ON SELECTIVE BASIS AND ONLY IN LIMITED OFFICIAL USE

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FACE OF ABNORMALLY HIGH (OVER 400 PERCENT INCREASE IN SOME ITEMS) IMPORT SURGE RESULTING FROM 1973 ACROSS-THE-BOARD 25 PERCENT GOA TARIFF CUT, EARLIER AUST. REVALUATIONS AND ABSENCE OF TRADE BARRIERS SUCH AS U.S. AND OTHERS HAVE ON TEXTILE IMPORTS.

(C) DESPITE RECENT GOA MOVES, IMPORTS ARE STILL ENTERING AUSTRALIA MORE FREELY THAN EVER AND AT RECORD LEVELS. RESTRAINTS IMPOSED REPRESENT MINOR

EXCEPTIONS TO OVERALL GOA POLICY OF ALLOWING IMPORTS TO REACH HISTORICALLY HIGH LEVELS. GOA PREFERENCES TO LDC EXPORTERS HAVE BEEN GENEROUSLY BROADENED, NOT REDUCED, AND GOA INCENTIVES TO ITS OWN EXPORTERS HAVE BEEN SUBSTANTIALLY REDUCED. READJUSTMENT ASSISTANCE TO WORKERS IN IMPORT-VULNERABLE INDUSTRIES IS BEING EXPANDED.

(D) REGARDING OECD TRADE PLEDGE, DOT OFFICIALS INSISTED GOA ACTIONS HAVE NOT VIOLATED GOA COMMITMENTS SINCE STEPS TAKEN ARE JUSTIFIED UNDER GATT ARTICLE XIX.

(E) IN SUM, PURPOSE OF TARIFF QUOTAS IS TO MODERATE NOT NEGATE IMPORT PRESSURES ON LOCAL INDUSTRIES TO RESTRUCTURE. EXCEPT FOR LARGER TERM TARIFF QUOTAS ON AUTOS, WHICH ARE ALSO INTENDED TO ENCOURAGE INDUSTRY RESTRUCTURING, TARIFF QUOTAS ARE TEMPORARY AND MUST BE RE-EXAMINED AT FIXED INTERVALS.

4. DOT OFFICIALS SAID THEY "LISTENED WITH INTEREST TO U.S. VIEWS", WHICH THEY WILL PASS ON IMMEDIATELY TO SENIOR OFFICIALS (INCLUDING OVERSEAS TRADE MINISTER CREAN, WHO IS NOW MEETING WITH USG OFFICIALS IN WASHINGTON). OFFICIALS ALSO OFFERED TO KEEP EMBASSY BETTER INFORMED OF POSSIBLE FUTURE DEVELOPMENTS REGARDING NEW IMPORT RESTRICTIONS. IN TURN, THEY ASKED EMBASSY OFFICERS TO PUT RECENT GOA TRADES MOVES "IN PERSPECTIVE" TO SHOW WASHINGTON THAT THESE FEW TEMPORARY EXCEPTIONS TAKEN INRESPONSE TO HUGE IMPORT SURGES DONOT REPRESENT EROSION OF GOA SUPPORT FOR MTN AND FREER TRADE.

5. EMBASSY COMMENT: JAN. 7 AND 13 APPROACHES HAVE CLEARLY IMPRESSED GOA OFFICIALS WITH SERIOUSNESS OF U.S. CONCERN OVER TARIFF QUOTAS. THERE IS SOME SUBSTANCE TO GOA COUNTER-ARGUMENTS THAT RECENT RESTRAINTS ARE LIMITED OFFICIAL USE

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SELECTIVE AND TEMPORARY AND THAT GOA IS STILL COMMITTED TO FREER TRADE. (FOR EXAMPLE, GOA COULD HAVE GONE FURTHER AND COMPLETELY RESCINDED 25 PERCENT TARIFF CUT.) HOWEVER, WE BELIEVE IT USEFUL TO MAINTAIN LOW-KEY PRESSURE ON GOA TO KEEP AUSTRALIANS AWARE OF SERIOUS PROBLEMS THEIR TARIFF QUOTAS AND SIMILAR RESTRAINTS RAISE IN HOPE OF LIMITING FUTURE RECOURSE TO SUCH BARRIERS. GREEN

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